



# Borrower Care

## OVERVIEW OF REQUIRED BORROWER CONTACTS

One of the hallmarks of the Direct Loan Program is its simplicity. Direct Loan borrowers make all of their loan payments to one loan servicer, and have the choice of consolidating their individual loans into a single loan after they leave school.

Though the repayment process has been made as simple as possible, there are several key decisions that a student must make when taking out a loan and when leaving school. Schools play an important role in delivering loan information that the student needs to make these decisions.

Throughout the student's attendance, he or she must receive:

- ◆ a notification of the aid award (sent by the school)
- ◆ entrance counseling (if a first-time borrower)
- ◆ disclosure statement (sent by COD or the school)
- ◆ notification of disbursement (sent by the school)
- ◆ notification of subsequent loans (sent by the school), with either active/passive confirmation
- ◆ exit counseling

Borrowers should also be encouraged to check with their Direct Loan servicer to find out if they can get a discount by choosing an electronic debit option. This information can be supplemented by materials or presentations that are customized to the needs of your student population, and reinforced by other school contacts with the borrower.

Providing accurate and timely information to borrowers is essential, but there are other elements to borrower care. Your school can help its students successfully repay their loans by sharing borrower information with the Department and the Direct Loan servicers.

- ◆ A school must regularly report on the enrollment status of any of its students who have borrowed from the Direct Loan or FFEL programs, which helps track the student's grace period and ensures that its students receive in-school deferments (if attending at least half time).
- ◆ You may request regular reports showing delinquent borrowers who have received loans at your school.
- ◆ You can help delinquent borrowers avoid default by working with the student and the student's Direct Loan servicer.

## AWARD NOTIFICATION

Schools are required to notify students of any FSA funds that they have been awarded. This is a requirement that applies to all of the FSA programs.

Many schools include the FSA award information as a part of a more general “award letter” that lists all of the student's aid awards. At four-year schools using traditional calendars, award notifications are usually sent in the spring before the school year begins. At schools with shorter programs and/or with a large commuter enrollment, aid offers and acceptances may happen at the beginning of a term or program. In either case, the student has the opportunity to accept or decline the loan, or request modification of awards that are offered.

Loan award amounts are only one part of the consumer information that schools are required to provide to borrowers. In designing your award notification, you should consider how you want to integrate the other required elements of student consumer information. These requirements are discussed in *The Federal Student Aid Handbook, Volume 2*.

### Sample Award Letter Format

Dear Elayne Benis,

Based on the information that you provided, Kronos University is pleased to notify you of the following financial aid award(s) to help you fund your education.

BUDGET	EFC	UNMET NEED	AWARDED FUNDS	REMAINING NEED	
\$11,850	-	0	= \$11,850	-	\$11,850 = \$0
Type of Aid	Decline?	FALL	SPRING	TOTALS	
Federal Pell Grant	[ ]	\$2,025	\$2,025	\$4,050	
DL Sub Loan	[ ]	\$1,750	\$1,750	\$3,500	
DL Unsub Loan	[ ]	\$1,400	\$1,400	\$2,800	
FSEOG	[ ]	\$250	\$250	\$500	
FWS	[ ]	\$500	\$500	\$1,000	
TOTAL AWARD				\$11,850	

You do not need to return this letter if you accept the conditions of the award. If you wish to decline any of the awards, check the box next to the award, sign below, and return this agreement to the address listed above. If you decide not to attend, your written notification to us voids this award.

## ENTRANCE COUNSELING

### *Entrance counseling for first-time borrowers*

Loan counseling is particularly important at colleges and universities because new students often have little or no experience with repayment and managing debt.

First-time student borrowers are required to complete Direct Loan Entrance Counseling prior to receiving the first disbursement of a Direct Loan. However, a borrower who is receiving his or her first Direct Loan is not required to complete entrance counseling if he or she has previously received the same type of loan through the Federal Family Education Loan (FFEL) Program.

#### **Direct Loan counseling materials**

Direct Loan schools can order counseling materials, such as the *Direct Loan Entrance Counseling Guide* and *Direct Loan Exit Counseling Guide*, from the FSA PUBS website at [www.fsapubs.org](http://www.fsapubs.org)

### Contents of entrance counseling

The online counseling presentation and the Direct Loan Entrance Counseling Guide cover the basic elements of entrance counseling required by regulation:

- Reinforce the importance of repayment.
- Stress that repayment is required, regardless of educational outcome or subsequent employability.
- Describe the likely consequences of default.
- Explain the use of the Master Promissory Note.
- Explain interest and capitalization.
- Provide sample monthly repayment amounts.
- Provide information about NSLDS.
- Stress the importance of notifying the school and lender of withdrawal or other change in status.

A school may choose to provide entrance counseling information to its student borrowers by other means, such as

- ♦ in-person counseling sessions,
- ♦ written materials, such as the *Direct Loan Entrance Counseling Guide* (see sidebar on previous page for ordering information), with a page that the borrower signs and returns to the school, **or**
- ♦ other online counseling products or interactive electronic means.

As a reminder, if a school uses one of these other options, the school must ensure that the counseling meets all entrance counseling requirements, and document that the student completed the counseling. A school can indicate that a student has completed entrance counseling by sending in a “true” indicator in the entrance counseling tag in the student’s COD common record.

As a part of counseling, the student must receive sample monthly repayment amounts for different levels of indebtedness. Sample repayment tables are provided as a part of the online counseling presentation, and are printed in the back of the Entrance Counseling Guide provided by the Direct Loan Program.

Your school must also ensure that someone with expertise in the FSA programs is reasonably available shortly after the counseling to answer borrowers’ questions about those programs.



### Note to Schools About URL Replacement:

A URL that allows a borrower to open directly to the new Complete Counseling page is provided in the “Loan Counseling Access Information for Borrowers.” The new URL applies to Entrance Counseling, Financial Awareness Counseling, and Exit Counseling and must replace previous URLs that are included on school websites and in school materials for the purpose of directing borrowers to counseling modules.

A borrower who is signed in to **StudentLoans.gov** when he or she completes any of the three loan counseling modules will select the schools that the borrower wishes to receive information about the borrower’s counseling results. The list of schools presented to the borrower will include all schools associated with that borrower as reflected in the NSLDS.

A borrower who is signed in to **StudentLoans.gov** will receive a confirmation email from “donotreply@studentloans.gov” upon completion of any of the three loan counseling modules. The confirmation email will be sent to the borrower’s email address stored within **StudentLoans.gov**.

## LOAN COUNSELING ON STUDENTLOANS.GOV

**NEW**

As part of the Department’s ongoing commitment to better educate borrowers about the loans they plan to take out and the loans they have taken out, our Entrance Counseling and Exit Counseling modules include many of the interactive features of the Financial Awareness Counseling that we implemented previously. Our enhanced entrance and exit counseling modules greatly improve upon past counseling modules by providing the consumer information borrowers need to make well-informed decisions about taking out and repaying loans.

There are now three enhanced loan counseling modules available for borrower use on the **StudentLoans.gov** website. The three modules are Entrance Counseling, Financial Awareness Counseling, and Exit Counseling. Two modules—Entrance Counseling and Financial Awareness Counseling—were previously located on **StudentLoans.gov**. One module—Exit Counseling—was moved from the National Student Loan Data System (NSLDS) Student Access website to **StudentLoans.gov**.

## Loan counseling information for borrowers

A borrower can access all three loan counseling modules—Entrance Counseling, Financial Awareness Counseling, and Exit Counseling—from the Complete Counseling page on **StudentLoans.gov**. On this page, a borrower is presented with a brief explanation of each type of counseling. The explanations are designed to assist the borrower in identifying which module he or she needs to select and complete.

Enhancements to the **StudentLoans.gov** website that affect borrowers include:

- ♦ A new “Complete Counseling” link. This link replaces all individual links to Entrance Counseling, Financial Awareness Counseling, and Exit Counseling.

Note: If your school used the individual links to these counseling modules on its internal websites or materials, it will need to update them to the new “Complete Counseling” link.

- ♦ A new counseling landing page has been added. When a borrower clicks on the “Complete Counseling” link, he or she will see a new landing page where the borrower can select the loan counseling module of choice:
  - Entrance Counseling,
  - Exit Counseling, or
  - Financial Awareness Counseling.

TEACH Grant Exit Counseling continues to be available on the NSLDS Student Access website for completion by TEACH Grant recipients. A link to the TEACH Grant exit counseling (as well as other TEACH Grant-related resources) is available on the **StudentLoans.gov** home page and Complete Counseling page.

- ♦ Two new links have been added to the ‘Tools and Resources’ section.
  - 1) TEACH Grant – A series of links allow students to go to the TEACH Grant website or go to TEACH Grant Exit Counseling on the NSLDS Student Access website.
  - 2) Demo Mode – There is an option to access all three loan counseling modules—Entrance Counseling, Financial Awareness Counseling, and Exit Counseling—without signing in to **StudentLoans.gov**. This option, referred to as the “Demo” mode, is accessed via the Counseling Demo link located on the StudentLoans.gov home page under Tools and Resources.

## Loan Counseling on StudentLoans.gov

EA 3-15-2013

EA 3-25-2013

EA 4-15-2013

### Contact Information

If you have questions about the information provided in this announcement, direct your questions to our contact centers as follows:

For questions about the enhanced loan counseling modules on **StudentLoans.gov**, COD System-generated responses, and COD System reports, contact the COD School Relations Center at 1-800-848-0978 or 571-392-3737. You can also email **CODSupport@ed.gov**.

For questions about the NSLDS loan exit counseling completion reports, contact the NSLDS Customer Support Center at 1-800-999-8219. You can also email **nslds@ed.gov**.

For questions about the EDEExpress for Windows software, contact CPS/SAIG Technical Support at 1-800-330-5947 (TDD/TTY 1-800-511-5806). You can also e-mail **CPSSAIG@ed.gov**.

If a borrower who is signed in to **StudentLoans.gov** and completing one of the loan counseling modules requires technical assistance, he or she may request assistance by clicking on the Contact Us tab in the top menu bar of **StudentLoans.gov**.

The borrower can 1) complete and submit the feedback form or 2) click on Additional Information and contact the Student Loan Support Center at the phone number provided.



It is important for borrowers to understand the limitations of the “Demo” mode. If a borrower completes Entrance Counseling, Financial Awareness Counseling, or Exit Counseling without signing in, the session will not be recorded as completed and

- the borrower’s loan information will not be obtained from the NSLDS for use during the counseling session;
- the borrower will not be able to select schools to notify;
- the borrower also will not see the “Check Your Knowledge” questions that are part of a counseling module when the borrower is signed in to **StudentLoans.gov**.

To have the session recorded and notification sent to selected schools, the counseling must be completed after logging in to the website.

- ◆ Entrance Counseling now includes updated and enhanced content. It has a “look and feel” similar to Financial Awareness Counseling.
- ◆ Exit Counseling has been added to the **StudentLoans.gov** website. It has a “look and feel” similar to Financial Awareness Counseling. Borrowers will no longer complete Exit Counseling (for loans) on the NSLDS Student Access website. The NSLDS Student Access website now includes a hyperlink to **StudentLoans.gov**.
- ◆ Borrowers are able to select from a list the schools that they want to receive information about their counseling results for all loan counseling types. The list includes all schools associated with that student (based on loan information received from the NSLDS).
- ◆ Borrowers will receive a confirmation email upon completion of any of the counseling modules.
- ◆ Options for emailing, exporting, printing, and tweeting are available in all three loan counseling modules. All options are available regardless of whether the borrower is signed in to **StudentLoans.gov** or completes a module in the “Demo” mode.

### *Loan counseling access information for borrowers*

To access Entrance Counseling, Financial Awareness Counseling, and Exit Counseling, a borrower should be provided with the following URL:

**<https://studentloans.gov/myDirectLoan/counselingInstructions.action>**

The sign-in (or authentication) process for a borrower who is provided with the above URL is as follows:

1. The borrower clicks on the URL or, as an alternative, copies and pastes the URL into the borrower's browser window.
2. When the Complete Counseling page that has a "You are currently not signed in!" banner at the top opens, the borrower clicks on the green Sign In button located on the right side of the banner.

Note: If a borrower wants to complete a loan counseling module in the "Demo" mode, the borrower would not sign in when presented with this page. Instead, the borrower would click on the Start button at the bottom of the appropriate box.

3. When the **StudentLoans.gov** Sign In page opens, the borrower enters his or her Federal Student Aid PIN and other identifiers. The borrower then clicks on the Sign In button to complete the authentication process.
4. Once the borrower is signed in, the Complete Counseling page for authenticated borrowers opens. On this page, the borrower selects the module he or she wishes to complete—Entrance Counseling, Financial Awareness Counseling, or Exit Counseling—by clicking on the Start button at the bottom of the appropriate box.

A borrower is also able to access the Complete Counseling page without using the above URL. After signing in to **StudentLoans.gov**, the borrower is presented with a list of activities that can be completed on **StudentLoans.gov**. This list is located in the middle of the Welcome to **StudentLoans.gov** page. To access the loan counseling modules, the borrower simply needs to click on the Complete Counseling item at the top of the list. In addition, the Complete Counseling item is located under Counseling in the menu bar on the left side of the page.





### NSLDS reports

All existing NSLDS loan exit counseling reports remain available to inform schools that borrowers have completed loan exit counseling on **StudentLoans.gov**. More specifically, the same detailed completion results are included in the EXNSFFOP message class (this is the new “NSLDS” format) or the EXITFFOP message class (this is the legacy Direct Loan format that automatically updates the EDEExpress for Windows software when it is imported). In addition, there are other message classes for CSV and formatted reports, including the newer summary reports.

A school that chooses to do so may continue to report loan exit counseling that a borrower completes through another means (for example, an onsite school session or other website) via the NSLDS Professional Access website. Note: All borrowers who completed exit counseling via the NSLDS Student Access website prior to the March 24, 2013, implementation of exit counseling on **StudentLoans.gov** will be reflected in the NSLDS loan exit counseling reports.

## Loan counseling information for schools

### Entrance counseling—System-generated responses and school options

The COD website’s School Options Information page allows a school to select whether and how often it receives its Entrance Counseling responses. In COD/School Options a school can indicate Yes or No for Electronic Entrance Counseling Participation. For frequency, the school can select Daily or On-Demand; the default value will be Daily.

### Exit counseling—System-generated responses and school options

Borrowers can now complete Exit Counseling via the **StudentLoans.gov** website. TEACH Grant Exit Counseling will continue to be completed on the NSLDS Student Access website.

The COD System will send Exit Counseling completion results in a COD System-generated response when a student completes the Exit Counseling session on the StudentLoans.gov website. The responses will be sent in the existing counseling message class, CRECMYOP. Exit Counseling will be identified in the <CounselingType> tag with a value of “ExitCounseling.”

The COD website’s School Options Information page allows a school to select how often it receives its Exit Counseling responses. The school can select Daily or On-Demand; the default value will be determined by a school’s participation in Entrance Counseling.

- ◆ If a school participates in Entrance Counseling, the Exit Counseling response option will default to Daily.
- ◆ If a school does not participate in Entrance Counseling, the Exit Counseling response option will default to On-Demand.

### Financial awareness counseling—System-generated responses and school options

We have removed the option for a school to select if it receives its Financial Awareness Counseling responses from The COD website’s School Options Information page. However, the frequency option (Daily or On-Demand) has not changed.



### Changes to the counseling report

The Counseling Report, available via the school's COD Reporting Newsbox on the COD website, provides information about a student who completed counseling via the **StudentLoans.gov** website and selected the school to receive information about the counseling session.

The Counseling Report now contains all counseling types, including Exit Counseling. The Counseling Type Indicator values are:

S – Subsidized/Unsubsidized Entrance Counseling

P – Subsidized/Unsubsidized/PLUS Entrance Counseling

L – Financial Awareness Counseling

X – Exit Counseling

A student's information will be reflected on the report even if the school does not opt to receive system-generated responses. More detailed reports about Exit Counseling will continue to be available via the NSLDS Professional Access website. In addition, a school may continue to report counseling completed through other means (for example, an on-site school session or other website) via the NSLDS Professional Access website.

### Counseling search updates

A school can also use the Counseling Search page on the COD website to search for Exit Counseling sessions completed on the **StudentLoans.gov** website. A school can search for counseling results by Social Security number (SSN) or by date range. When search results are displayed, it will contain information for all counseling types, including TEACH Grant, as follows:

<b>Counseling Type</b>	<b>Doc Type</b>	<b>Award Type</b>
<b>Entrance</b>	<b>EC</b>	<b>DLS (Subsidized/Unsubsidized) or DLP (PLUS)</b>
<b>Exit</b>	<b>EC</b>	<b>EXT</b>
<b>Financial Awareness</b>	<b>EC</b>	<b>SLC</b>
<b>TEACH Grant</b>	<b>AC</b>	<b>TH</b>

For additional information about the Exit Counseling updates, refer to Volume 2, Section 1 of the COD Technical Reference.

### Repayment Plan Information

At the end of the Exit Counseling module, a borrower is provided with preliminary repayment plan eligibility information and estimated repayment amounts. The preliminary information is based on the borrower's loan information in the NSLDS and offers the borrower the opportunity to select the repayment plan he or she prefers.

In the upcoming months, repayment plan preference information acquired during Exit Counseling sessions completed in **StudentLoans.gov** will be made available to the borrower's federal loan servicer to facilitate actual repayment plan selection by the borrower prior to the end of the six-month grace period.

We plan to provide the repayment plan preference information to federal loan servicers in June 2013. At that same time, we plan to provide repayment plan preference information to Federal Family Education Loan (FFEL) Program lenders, lender servicers, and guaranty agencies through updated NSLDS loan exit counseling completion reports.

We will post detailed information about the provision of repayment plan preference information to these entities in forthcoming communications on the IFAP and Financial Partners Portal websites. Note: We do not plan to modify the school versions of the NSLDS loan exit counseling completion reports to include the repayment plan preference information.

We plan to implement Spanish versions of all three modules later this year. We will inform the community of the availability of the Spanish versions in a forthcoming Electronic Announcement on the IFAP website.

### Repayment estimator

A new "stand-alone" Repayment Estimator is available on the **StudentLoans.gov** website. The estimator is a tool that borrowers of William D. Ford Federal Direct Loan (Direct Loan) and Federal Family Education Loan (FFEL) Program loans can use to receive preliminary repayment plan eligibility information and to estimate repayment amounts across all plans for which a borrower appears to be eligible. The estimator's outputs will be based on loan information within the National Student Loan Data System (NSLDS), loan information entered by the borrower if there are other loans he or she wants considered, and/or four pieces of information entered by the borrower if he or she wants income-driven repayment plan eligibility information and estimates provided.

## Documenting completion of entrance counseling

Regardless of the counseling methods your school uses, you must be sure to document that the student participated in and completed entrance and exit counseling.

If a student completes the online counseling session at **StudentLoans.gov** and indicates that your school should receive the results, the COD System will include the student's counseling results in the next acknowledgment file it sends to your school's SAIG mailbox. (A borrower may select up to three schools.) Counseling completion data is collected from the **StudentLoans.gov** site several times a day—depending on the timing, an acknowledgment file could contain information for a single student or multiple students.

Your software system may have the capability to import the counseling acknowledgments. The software may also have an option that you can set to require a completed Entrance Interview Date before a Direct Loan record can be saved with *actual* disbursement data (*DRI=True*). (In EDEExpress, this option only affects loan records where the student's grade level is 0 or 1.) Bear in mind that you would have to enter an Entrance Interview Date or turn off this setting if you know that a student has received entrance counseling through other means, such as in-person counseling.

A school can also use the Counseling Search page on the COD website to search for counseling sessions completed on the StudentLoans.gov website. A school can search for counseling results for an individual student by Social Security number (SSN) or by date range.

A school can also look for counseling results by using the Batch Search function on the COD website (entering school code and then a date range of up to 60 days). This will produce a list of batches processed by COD within that date range; batches labeled "EC" with an Award Type of "DLS" or "DLP" contain entrance counseling acknowledgments. An Award Type of "DLS" indicates entrance counseling completed for Direct Unsubsidized and Direct Subsidized Loans. An Award Type of "DLP" indicates entrance counseling completed for Direct PLUS Loans. As noted above, a particular batch could contain counseling acknowledgments for one student or multiple students.

## Reinforcing the messages in entrance counseling

Even if you rely on online counseling for most of your students, you may wish to reinforce these points through other communications with your students.

### Tracking counseling acknowledgments

Acknowledgments sent by the COD system for counseling sessions completed on the StudentLoans.gov website are coded as Document type "EC" and message class CRECMYOP (Common Record Entrance Counseling).

When a CRECMYOP file is imported into EDEExpress (Release 4.0 and later), it will populate the Loan Entrance Interview Date field in the student's record.

### Counseling Reports in EDEExpress

You can run a report in EDEExpress to retrieve records that have no reported "Entrance Interview Date."

\* Pre-formatted reports are not available at this time, but are being considered as future enhancements.

### Counseling student PLUS borrowers

For more information on the requirements for student PLUS borrowers, see 34 CFR 685.304.

### Preparing your own counseling materials

Default prevention sources are available on the Default Prevention at [www.ifap.ed.gov/DefaultPreventionResourceInfo/index.html](http://www.ifap.ed.gov/DefaultPreventionResourceInfo/index.html).

**DefaultPreventionResourceInfo/index.html.**

The Direct Loan regulations (34 CFR 685.304(a)(8)) describe how a school may adopt alternative approaches as a part of its quality assurance plan.

### Disclosure Statement Print Code

This data element indicates whether the school or COD sends the Disclosure Statement.

- ▶ Y—COD prints and sends to borrower
- ▶ R—COD reprint
- ▶ S—School prints and sends to borrower

### When COD sends a combined Sub/Unsub disclosure statement

Even if loan origination records for a student's Direct Subsidized Loan and Direct Unsubsidized Loan arrive in COD on different days, COD sends a single disclosure statement if –

- ▶ both loans have the same first anticipated disbursement date; and
- ▶ both loan origination records were processed earlier than 30 calendar days before the first anticipated disbursement date for the loans.

## THE DISCLOSURE STATEMENT

The Disclosure Statement provides the borrower with important loan-specific information, such as the anticipated loan disbursement amounts, the anticipated loan disbursement dates, and the amount of the borrower's loan fee. It must be provided to the borrower before or at the time of the first disbursement of a Direct Loan.

The COD System prints and mails a Disclosure Statement to the borrower's permanent address unless—

- ♦ your school has notified COD School Relations that your school will provide Disclosure Statements for *all* of its borrowers, or
- ♦ you have entered "S" as the Disclosure Statement Print Code in the origination record for that specific loan.

The Disclosure Statement is usually printed only once for each loan, seven days before the first anticipated disbursement date, as reported by the school. If the loan origination record arrives at COD less than 7 days prior to the first disbursement and you haven't indicated that you've printed/provided the disclosure statement, COD will generate and send the disclosure statement immediately. (For a PLUS Loan, COD will not send the disclosure statement until it has received an approved credit decision.) Depending on when the loans were originated, the student's Disclosure Statement may include information for both Direct Subsidized and Direct Unsubsidized Loans.

The COD system does not automatically reprint Disclosure Statements when changes to the Award Amount, Disbursement Dates, or Disbursement Amounts are received. However, you may request that a new disclosure be sent to the student by entering "R" as the Disclosure Statement Print Code when you are submitting the award changes.

### *School option to provide disclosure statements*

If your school chooses to provide disclosure statements to its borrowers, it must also provide a Plain Language Disclosure to the borrower for any subsequent loans made on a multiyear promissory note.

While the Disclosure Statement provides specific loan amounts and disbursement dates, the Plain Language Disclosure is a general summary of the terms and conditions of the loan. Essentially, the Plain Language Disclosure serves the same purpose as the Statement of Borrower's Rights and Responsibilities that is provided with the original MPN.

The school must send the Disclosure and Plain Language Disclosure within the required timeframe and before it first disburses Direct Loan funds for a new loan period.

#### **Disclosure statements for more than one school**

If a student borrower applies to more than one school, each school might submit a loan origination record to the COD system. As a result, the borrower could receive disclosure statements for loans at different schools.

The disclosure statement is not a promissory note, and it does not require a borrower's signature. Because of this, a borrower should focus only on the disclosure statement from the school he or she plans to attend and disregard disclosure statements from other schools.

#### **Borrower's right to cancel or change the loan amount**

The Disclosure Statement is the borrower's second opportunity (the school's initial award offer is the first) to review the loan award and either decline the loan or request a lower amount.

A school must also notify the student or parent in writing when FSA loan funds are being credited to a student's account and honor any timely request by the borrower to reduce or cancel the loan. (See *Volume 5*.)

## Sample Disclosure Statement

# Direct Loans

William D. Ford Federal Direct Loan Program

U.S. Department of Education  
P.O. Box 9003  
Niagara Falls, NY 14302-9003

## Disclosure Statement

William D. Ford Federal Direct Loan Program

Direct Subsidized Loan  
Direct Unsubsidized Loan

## Borrower Information

## 1. Name and Address

XXXXXX

Last Name, First Name Middle Initial

Street Address

City, St Zip

## 2. Date of Disclosure Statement

mm/dd/yyyy

## 3. Area Code/Telephone Number

## School Information

## 4. School Name and Address

University Of Kansas

University Of Kansas

Arlington, VA 12345

## 5. School Code/Branch

GXXXXX

## Loan Information

## 6. Loan Identification Number(s)

XXXXXXXXXXXXXXXXXXXX

XXXXXXXXXXXXXXXXXXXX

## 7. Loan Period(s)

mm/dd/yyyy - mm/dd/yyyy

mm/dd/yyyy - mm/dd/yyyy

## 8. Loan Fee %

0.000%

0.000%

9. Information about the loan(s) that your school plans to disburse (pay out) follows. This information is explained in detail on the back. The actual disbursement dates and amounts may be different than the dates and amounts shown below. The school and your servicer will notify you of the actual disbursement dates and amounts.

Direct Subsidized Loan	Gross Loan Amount	- Loan Fee Amount	+ Interest Rebate Amount	= Net Loan Amount
	\$0.00	\$0.00	\$0.00	\$0.00

Your school plans to disburse the Net Loan Amount as follows:

Date	Net Disbursement Amount	Date	Net Disbursement Amount
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Direct Unsubsidized Loan	Gross Loan Amount	- Loan Fee Amount	+ Interest Rebate Amount	= Net Loan Amount
	\$0.00	\$0.00	\$0.00	\$0.00

Your school plans to disburse the Net Loan Amount as follows:

Date	Net Disbursement Amount	Date	Net Disbursement Amount
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If there are further disbursements to be made on the loan(s) the school will inform you.

## NOTIFICATION OF DISBURSEMENT

In addition to the disclosure statement for the loan, the borrower must receive a notice of each disbursement. Since this is typically a function of the business office at the school, we've described this notification in *Volume 5*. As discussed in that volume, this notice gives the borrower another opportunity to cancel the loan within prescribed timeframes.

### Sample Notification Format

Dear Steve R. Vaughan,

The following loans were applied to your student account [68075] on January 10, 2009:

Federal Direct Subsidized Loan \$1,730.00  
Federal Direct Unsubsidized Loan \$2,210.00

Please note that the amounts listed above reflect the NET amount of the loan, which is the amount that is paid to your account. The net amount is the amount you borrowed less any applicable loan fee. You can find more information about loan fees on the Direct Loan website: [www.direct.ed.gov](http://www.direct.ed.gov)

You have a right as a borrower to cancel all or part of these loans within 14 days of receiving this letter. If you do wish to cancel any part of the loan, please notify Financial Aid Services and pay any outstanding balance to the Business Office immediately. If you accept the loans listed above, no further action is necessary on your part.

If you have any questions or concerns about your loan, please contact us at XXX-XXX-XXXX.

Sincerely,

Director,

Financial Aid Services



**Exit counseling requirements**

Exit counseling must:

- Reinforce the importance of repayment
- Describe the consequences of default.
- Explain the use of the Master Promissory Note.
- Stress that repayment is required, regardless of educational outcome or subsequent employability.
- Provide sample monthly repayment amounts.
- Review the options for loan repayment.
- Discuss debt management strategies.
- Discuss the availability of information on NSLDS and the availability of the FSA Ombudsman's office.
- Ensure that borrowers understand their rights and responsibilities.

**Reminders for exiting students**

► Stress the importance of remaining in contact with the loan servicer. Be sure the student has the servicer's Web address and contact numbers. Remind students that they can use the servicer's website to review repayment schedules, select a repayment plan, and update name and address information.

► Borrowers who are having difficulty in repaying their loans may be uncomfortable with contacting the servicer directly, so you may also wish to provide contact information for your office. Your office can serve as a trusted advisor on options such as forbearance and deferment.

► Make sure that the student is using all of the resources available at your school for career planning and job location. In addition, you may be able to recommend other resources for debt management and budgeting that are appropriate for the career expectations and family characteristics of your graduates.

**Borrower contacts with servicer**

Borrowers can view their loan information and update their account at the servicer's website.

A borrower who is having trouble making payments should be urged to contact the servicer for his or her loan.

Your school can suggest that its students to visit the Direct Loan website ([www.direct.ed.gov](http://www.direct.ed.gov)) for contact information for all servicers.

**EXIT COUNSELING**

A student who has a Direct Loan must receive exit counseling when graduating or otherwise leaving the educational program. This requirement includes students who drop below half-time enrollment in a program, as well as graduate and professional students who have Direct PLUS Loans.

Your school is responsible for ensuring that a student has completed the exit counseling process. Exit counseling must be in person, by audiovisual presentation, or by interactive electronic means. As with entrance counseling, exit counseling does not have to be provided directly by your school, and a school can choose several ways to meet this requirement. In every case, the school must take reasonable steps to ensure that a borrower receives counseling materials and participates in and completes exit counseling.

Online exit counseling is moving to [StudentLoans.gov](http://StudentLoans.gov) and is modeled after *Financial Awareness Counseling* on [StudentLoans.gov](http://StudentLoans.gov). The new online exit counseling includes key features from *Financial Awareness Counseling*, such as tools to develop a budget for in-school expenses and estimate payments based on a selected repayment plan. Schools will still obtain exit counseling reports on NSLDS and report exit counseling completed by other means on NSLDS.

A school must ensure that an individual with expertise in the FSA program is available shortly after the counseling to answer the student borrower's questions.

**Important**

Exit Counseling has been added to the [StudentLoans.gov](http://StudentLoans.gov) website. It has a "look and feel" similar to *Financial Awareness Counseling*. Borrowers will no longer complete Exit Counseling (for loans) on the NSLDS Student Access website. The NSLDS Student Access website now includes a hyperlink to [StudentLoans.gov](http://StudentLoans.gov). See the discussion under Loan counseling on [StudentLoans.gov](http://StudentLoans.gov) earlier in this chapter.

The Department strongly encourages schools to send borrowers who complete exit counseling online a personal letter from the school that explains the borrowers obligation to repay his or her loan and a copy of the *Exit Counseling Guide for Federal Student Loan Borrowers* your school can obtain at [FSApubs.org](http://FSApubs.org).

## Collecting contact information

As a part of exit counseling, the student must provide current information concerning name, address, Social Security number, references, and driver's license number and state of issuance, as well as the student borrower's expected permanent address, the address of the student borrower's next of kin, and the name and address of the student borrower's expected employer (if known).

If the student completes exit counseling at the school, rather than online, the school must ensure that this personal and contact information is submitted to the student's loan servicer within 60 days after the student provides the information.

This requirement to provide contact information to the loan servicer can be satisfied by uploading the information to NSLDS rather than sending it directly to the respective servicers. This enables your school to maintain all exit counseling data in one central location and provides comprehensive information to schools, lenders, and servicers who use NSLDS. To use the upload feature, select the Enroll Tab on the NSLDS Professional Access website and go to the new Exit Counseling Submittal page. The Excel spreadsheet uploaded by the school must be in Microsoft Office 2003 (or earlier) format.

## Documenting completion of exit counseling

You must document that the student has completed exit counseling. Be sure to retain these reports for at least three years after the end of the last award year that the student attended your school.

If a student completes the online counseling session at **StudentLoans.gov** and selects your school to receive notification, the COD System will include the student's counseling results in the next acknowledgement file it sends to your school's SAIG mailbox. The responses for Exit Counseling will be sent in the same message class as Entrance Counseling (CRECMYOP). Exit Counseling will be identified in the <CounselingType> tag with a value of "ExitCounseling." A school can use the Counseling Search and Batch Search features on COD website to search for counseling results by date range or Social Security Number. Batch search results labeled "EC" with an Award Type of "EXT" contain exit counseling acknowledgements.

Detailed Exit Counseling Completion Results reports are available on NSLDS. You may request reports by date range or look up an individual student's record (see sidebar). You may request to automatically receive regular reports on a daily, weekly, monthly, or quarterly delivery schedule. Reports are available in comma-delimited, fixed-length, or preformatted report format.

### Exit counseling reports

You can use the NSLDS Professionals page site to request a list of all students who have completed exit counseling online and listed your school. Use the **Report** tab and select **EXTC01 - Exit Counseling Completion Results**.

- ▶ Ad hoc reports are sent to a school's SAIG Mailbox as **AHSLDEOP** (Comma delimited and standard fixed-length text files) or **AHSLDSOP** (Preformatted).
  - ▶ Regular reports will be made available later with the new classes **EXITFFOP** (Fixed-length), **EXITCMOP** (Comma-delimited), **EXITFMOP** (Preformatted).
- You may also view counseling information for an individual student by looking up his or her record on NSLDS. Go to the **Aid** tab, locate the student, and view the **Exit Counseling History**. This is especially useful if you believe there may be a record of the student receiving exit counseling at another school.

## Financial Awareness Counseling

**StudentLoans.gov** offers *Financial Awareness Counseling* to educate students on the basics of financial management and managing federal student loan debt. *Financial Awareness Counseling* provides dynamic tools to help the student develop a budget for in-school expenses and estimate federal student loan payments when leaving school. When a student is signed on at **StudentLoans.gov**, *Financial Awareness Counseling* shows a student his or her current federal student loan debt.

**Important:** Schools may not require Financial Awareness Counseling as a condition for receiving federal student aid. While Financial Awareness Counseling contains some of the same information in Entrance and Exit Counseling, it does not meet the regulatory requirements for Entrance or Exit Counseling.

If a student completes Financial Awareness Counseling and selects your school to receive notification, the COD System will include the student's counseling results in the next acknowledgement file it sends to your school's SAIG mailbox. The responses for Financial Awareness Counseling will be sent in the same message class as Entrance Counseling (CRECMYOP). Financial Awareness Counseling will be identified in the <CounselingType> tag with a value of "StudentLoanCounseling." A school can use the Counseling Search and Batch Search features on the COD Website to search for counseling results by date range or Social Security number. Batch search results labeled "EC" with and Award Type of "SLC" contain financial awareness counseling acknowledgements.

### The school's role in consolidating a Perkins Loan

When a borrower wants to include a Perkins Loan in a consolidation, a verification certificate is mailed to your school by the loan servicer for completion. Verification certificates should be completed and returned to the servicer within 10 days. The borrower's loans cannot be consolidated until the verification certificate is properly completed and returned.

### Loan consolidation information

For more information about how your school can assist borrowers with loan consolidation go to

<http://loanconsolidation.ed.gov/>

## Exit counseling for withdrawals

If a student withdraws from the educational program without notifying your school or fails to complete the exit counseling as required, you must either confirm that the student has completed online counseling or send exit counseling materials to the borrower's last known address. The materials must be mailed or emailed within 30 days after your school learns that the student has withdrawn without completing exit counseling.

Schools must document in the student's file that the materials were sent; however, if the student fails to provide the updated contact information, no further action is necessary.

## Advising students on the benefits of consolidation

Students attending programs that stretch over several years can end up with a long list of loans to repay. A graduate student might have over a dozen Subsidized, Unsubsidized, and PLUS Loans to repay by the time he or she leaves school. If some of these loans were taken out while attending schools that awarded FFEL Loans, the payments might have to be made to several different lenders.

If your graduating students have Direct Loans, or a combination of FFEL and Direct Loans, a Direct Consolidation Loan greatly simplifies repayment because the borrower only makes a single monthly payment to one lender for all of the loans that have been consolidated.

Other considerations:

- ♦ A Consolidation Loan can lower the borrower's total monthly repayment and simplify loan repayment. Because the repayment period for the Consolidation Loan is longer than most of the other repayment plans for Direct and FFEL loans, the monthly payments may be lower. (On the other hand, the total interest that is paid over the longer repayment period is usually higher)
- ♦ Consolidation may also be an option for a borrower in default, if certain conditions are met.
- ♦ Some deferments and other benefits available with the borrower's current loans (especially Perkins) may be lost through consolidation.

## ENROLLMENT STATUS REPORTING (SSCR)

All schools participating (or approved to participate) in the FSA programs must have some arrangement to report student enrollment data to the National Student Loan Data System (NSLDS) through a Roster file (formerly called the Student Status Confirmation Report or SSCR). Student enrollment information is extremely important because it is used to determine if the student is still considered in school, needs to be moved into repayment, or is eligible for an in-school deferment.

NSLDS sends Roster files electronically to the school's SAIG Mailbox, or the mailbox of the school's designated servicer. The file includes all of the students at your school who NSLDS has identified as FFEL or Direct Loan borrowers (or beneficiaries of a parent PLUS Loan). Note that it will also include students who received some or all of their FSA loans at other schools but are currently attending your school.

### Schools are required to report

- changes in the student's enrollment status,
- the effective date of the status, and
- an anticipated completion date.

### NSLDS online services

To use NSLDS online services, complete the Student Aid Internet Gateway (SAIG) Enrollment Form at [www.fsaweb enroll.ed.gov](http://www.fsaweb enroll.ed.gov).

### Certifying a Record in NSLDS

After the school certifies a record in NSLDS, the roster will always contain the last information provided by the school. Previous certification information, which only a school can provide, will not be overridden by subsequent enrollment information provided by the loan servicer. Only the school can change the enrollment information once it has certified the record.

### Online Enrollment Updates

Because enrollment information can be reported online, it is possible that the NSLDS website will display more recent enrollment data than that shown on the roster.

### NSLDS Delinquency Report

In addition to reports available from the Department's servicers, NSLDS publishes a delinquency report that gathers together delinquency information for Direct Loans that were originated on or after July 1, 2010, and that are being serviced by the new servicers. This report will also include delinquency information for loans that the Department has purchased under the "PUT" and "Conduit" programs and that are being serviced by SMC, GL, AES, and Nelnet. The report is available from the report section of the NSLDS website, is refreshed weekly, and is delivered to a school via its SAIG Mailbox. Schools can find additional information about this report in NSLDS Newsletter Number 27. (Available on IFAP under "Processing Resources> NSLDS Newsletters") Direct Loan delinquency reports for loans originated on or before July 1, 2010, will continue to be available through the ACS/Direct Loan Servicing website.

### Working with DL servicers

Some of the Department's loan servicers offer a late stage default aversion strategy that your school can utilize to assist at-risk borrowers to avoid loan default. The assistance provided by the loan servicers are specific to that servicer. Schools would have to contact each servicer to find out what late stage default aversion strategies it offers. The servicers and NSLDS can make available delinquency reports that list delinquent and defaulted loan borrowers from your school to assist you in identifying which borrowers are in most need of your school's assistance.

You can access these reports and gather more information about the unique late stage delinquency intervention offered by each servicer by contacting the servicer. The link below will take you the listing of all the current servicers.

[www.ifap.ed.gov/ifap/helpContactInformationDetailedList.jsp?lsc=1](http://www.ifap.ed.gov/ifap/helpContactInformationDetailedList.jsp?lsc=1)

Changes in enrollment to less-than-half-time, graduated, or withdrawn must be reported within 30 days. However, if a Roster file is expected within 60 days, a school may provide the data on that roster file.

For schools using a servicer, please remember that your school is ultimately responsible for notifying NSLDS of student enrollment changes. For further detail on NSLDS Enrollment Reporting, see *The Federal Student Aid Handbook, Volume 1*.

## TRACKING DELINQUENT AND DEFAULTED BORROWERS

To promote loan repayment, DL schools are encouraged to notify the student's loan servicer if they receive new information about a delinquent borrower's location or employment.

To assist you with default management activities, Direct Loan servicers may offer reports that list delinquent and defaulted loan borrowers from your school. These reports typically contain each borrower's name, addresses, and phone number. Using this information, you can contact and counsel borrowers who are delinquent or who have already defaulted on their Direct Loans.

### Delinquency assistance

Direct loan borrowers who are delinquent by more than 240 days are considered in "late stage delinquency." Many students go into default simply because they don't understand their options.

We strongly recommend that schools make delinquency assistance a part of their default aversion efforts. By providing this assistance, your school can help keep borrowers from going into default, and reduce your Cohort Default Rate.

Delinquency assistance for Direct Loans is a collaborative effort—schools work with the Department's loan servicers to contact and counsel borrowers who have not been making timely payments on their loans. The school's role is not to 'fix' the delinquency, but to assist both the servicer and the borrower in having the necessary and crucial conversation about the existing delinquency. Once in direct contact, with your help, the servicer and the borrower will, most of the time, find a satisfactory resolution to the delinquent status.

Your school can choose to offer assistance in the following ways:

- ◆ Provide the servicer with more recent demographic information to better enable the servicer to contact the student.
- ◆ Make contact with the borrower and refer him or her to the servicer.
- ◆ Make contact with the borrower and counsel along with the servicer through three-way calling.
- ◆ Invite the borrower to your office and provide the counseling yourself, providing direct assistance to the student to resolve the delinquency.

### FSA and default prevention

Federal Student Aid has established a Default Prevention Team to help schools implement a program of default prevention and provide guidance in the drafting of effective Default Prevention Plans. If you would like assistance in developing or reviewing your default prevention plan, please send the team an email at:

**defaultpreventionassistance@ed.gov.**

In your email, please include the name, phone number, and email address of the contact person at your school.

You can find consolidated information about delinquency and default prevention at our Default Prevention Resource Information page located at:

**[www.ifap.ed.gov/  
DefaultPreventionResourceInfo](http://www.ifap.ed.gov/DefaultPreventionResourceInfo)**

Additional default prevention materials is available via the Cohort Default Rate Guide at

**[http://www.ifap.ed.gov/  
DefaultManagement/finalcdrg.html](http://www.ifap.ed.gov/DefaultManagement/finalcdrg.html)**